

Message Text

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ACTION EUR-06

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R 111344Z FEB 74

FM AMEMBASSY BUDAPEST

TO USDOC WASHDC

SECSTATE WASHDC 824

INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSYPRAGUE

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

USMISSION BERLIN

LIMITED OFFICIAL USE BUDAPEST 0324

E.O. 11652: N/A

TAGS: ETRD, ETRN, HU

SUBJ: INSURANCE ON SHIPMENTS IN EAST/WEST TRADE

REF: A) STATE 023552

B) BUDAPEST 0247

C) STATE A-9776

FOR BEWT/COMMERCE (SUZANNE PORTER); VIENNA FOR EWTC

1. LAND-LOCKED HUNGARY HAS ONLY TINY MERCHANT MARINE, WHICH CANNOT HANDLE CONTAINERS AND DOES NOT REGULARLY SERVE US. CONSEQUENTLY SHIPMENTS BETWEEN US AND HUNGARY USUALLY TRAVEL BY POLISH, YUGOSLAV OR WEST GERMAN PORTS. SHIPMENTS ARRANGED BY HUNGARIANS ARE MADE THROUGH MASPED, THE HUNGARIAN FREIGHT FORWARDING MONOPOLY.

2. MASPED ARRANGES SHIPMENTS ACCORDING TO WISHES OF FOREIGN TRADING COMPANY (FTO) WHICH SIGNED CONTRACT WITH LIMITED OFFICIAL USE

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US COMPANY. BILLS RECEIVED IN HARD CURRENCIES FOR

WESTERN FREIGHT SERVICES ARE PASSED ON BY MASPED TO FTO FOR HARD CURRENCY PAYMENT; BILLS IN RUBLES ARE PASSED ON TO FTO'S FOR RUBLE PAYMENT. MASPED RECEIVED COMMISSION FOR THESE SERVICES AND DOES NOT, IT CLAIMS, ARRANGE INSURANCE. FTO'S PURCHASE NEEDED INSURANCE OF ALL TYPES FROM HUNGARIAN INSURANCE V9.9,909)67

3. PURCHASE OF MARINE INSURANCE, THEREFORE, DEPENDS UPON RESPONSIBILITIES OF FTO UNDER INDIVIDUAL FOREIGN TRADE CONTACTS. IF AMERICAN PARTNER ARRANGES SHIPMENT (FOR EXAMPLE, A US/CIF EXPORT HAMBURG) THEN IT WILL PROBABLY BE INSURED WITH WESTERN AGENCY.

4. WHEREAS SHIPMENTS THROUGH POLISH PORTS MAY PROVIDE FTO ADVANTAGES OF RUBLE PAYMENT, SHIPMENTS THROUGH WEST GERMAN PORTS ARE FREQUENTLY MADE TO ACHIEVE FASTER DELIVERY OR BETTER HANDLING. HUNGARIAN FIRMS (FTO'S) ACCORDING MASPED, MAY TEND TO ARRANGE LARGER SHARE OF SHIPPING SERVICES (AND HENCE OF INSURANCE SERVICES) DUE TO GENERALLY GREATER RELUCTANCE OF USTBUSINESSMEN TO ARRANGE SHIPPING SERVICES FOR EITHER EXPORTS OR IMPORTS. HOWEVER, MASPED STATES THAT THERE IS NO COMPULSION (OTHER THAN POSSIBLE ECONOMICS) ON US OR HUNGARIAN COMPANIES TO PURCHASE HUNGARIAN OR OTHER EAST EUROPEAN INSURANCE AND THAT THERE ARE NUMEROUS CASES OF SHIPMENTS INSURED WITH WESTERN COMPANIES. OBVIOUS ECONOMIC DETERENT TO UNNECESSARY USE OF WESTERN INSURANCE OR SHIPPING IS NEED OF FTO TO PAY IN HARD CURRENCY.

5. HUNGARIANS UNABLE OR UNWILLING TO PROVIDE PROPORTION OR DOLLAR VALUE FIGURES REQUESTED REFTEL A. PEDERSEN

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